## Message Text

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**ACTION EUR-25** 

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 COME-00 EB-11 LAB-06 SIL-01 NIC-01 OMB-01

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E.O. 11652: N/A
TAGS: PINT IC
SUBJECT: IMPACT OF UNION ELECTION ON DEFENSE AND ECONOMIC
ISSUES

- 1. IN ELECTIONS FOR OFFICIAL OF AKUREYRI TRADE UNION FEDERATION, SLATE INCLUDING BJORN JONSSON, OLL MINISTER FOR SOCIAL AFFAIRS AND TRANSPORTATION, WON TWO-TO-ONE VICTORY. BECAUSE OF IMPACT ON CABINET IN CURRENT SITUATION, THIS ELECTION HAS IMPORTANCE IN ECONOMIC AND DEFENSE AFFAIRS WELL BEYOND CONTROL OF ONE LOCAL UNION GROUPING.
- 2. WHEN BJORN JONSSON ENTERED NATIONAL CABINET, HE RESIGNED AS HEAD OF AKUREYRI TRADE UNION FEDERATION. HIS DEPUTY, WHO IS MEMBER OF COMMUNIST-DOMINATED PEOPLE'S ALLIANCE, MOVED UP TO REPLACE HIM. IT SOON BECAME CLEAR THAT NEW LEADERSHIP WAS MOVING TO GAIN FULL CONTROL OF FEDERATION FOR PEOPLE'S ALLIANCE AND TO SET STAGE FOR ELECTIONS WHICH WOULD CONFIRM THAT CONTROL. JONSSON SAW HIS POWER BASE AND ONE OF MOST IMPORTANT BASES FOR HIS ORGANIZATION OF LIBERALS AND LEFTISTS DISAPPEARING. LIMITED OFFICIAL USE

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RIVAL SLATE WAS QUICKLY ORGANIZED WITH JONSSON'S NAME ON IT

IN "HONORARY LAST" POSITION, THUS CLEARLY INDICATING TO MEMBERSHIP WHICH SLATE HE FAVORED. IMPORTANT TO HIS VICTORY WAS SUPPORT OBTAINED FROM SOCIAL DEMOCRATIC, INDEPENDENCE AND PROGRESSIVE PARTIES. IT WAS UNIQUE EXAMPLE OF COOPERATION BY TWO OPPOSITION AND TWO GOVERNMENT PARTIES TO DEFEAT PEOPLE'S ALLIANCE.

- 3. IMPORTANCE OF VICTORY LIES IN STRENGTHENING OF JONSSON AND HIS PARTY AT CRITICAL PERIOD IN GENERAL WAGE AND DEFENSE NEGOTIATIONS. AS FORMER CHAIRMAN OF ICELANDIC FEDERATION OF TRADE UNIONS, JONSSON MUST REPRESENT LABOR INTERESTS IN CABINET AGAINST PA MINISTERS WHO ARE DETERMINED TO HOLD DOWN WAGE INCREASES TO FIGHT INFLATION. PREVIOUSLY-EXISTING BAD FEELING BETWEEN OLL AND PA MINISTERS HAS CLEARLY BEEN WORSENED.
- 4. WHILE OLL MINISTERS IN CABINET HAVE SO FAR KEPT
  THEIR OWN COUNCIL ON DEFENSE MATTERS, THEIR POSITION IS PIVOTAL.
  THERE HAS, HOWEVER, BEEN REASON TO BELIEVE THEY FAVOR MAKING
  SOME ARRANGMENT WITH USG WHICH WOULD BE ACCEPTABLE TO BOTH SIDES.
  IT IS GENERALLY SAID LOCALLY THAT ANYTHING PA MINISTER MAGNUS
  KJARTANSSON SUPPORTS, BJORN JONSSON ALMOST AUTOMATICALLY
  OPPOSES. IF THAT IS CASE, HIS STRENGTHENED POSITION IN HIS
  HOME AREA AND RESULTING ILL FEELING BETWEEN HIM AND PA COULD BE
  TO US BENEFIT.
  IRVING

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## Message Attributes

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**Current Classification: UNCLASSIFIED** 

Concepts: CABINET, ELECTIONS, LABOR UNIONS, POLITICAL SITUATION

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